

# Memorandum

To: Panel Members

Date: December 13, 2001

From: Diana Torres, Manager  
Peter DeMauro, General Counsel

Analyst: Carole Robinson

Subject: One-Step for **Olaes Enterprises, Inc (dba ODM) <100**  
www.olaesdesign.com

## CONTRACTOR:

- Training Project Profile: Retraining: companies w/out-of-state competition
- Legislative Priorities: Stimulating Exports / Imports Locating into or expansion within California, Moving to a high performance workplace and Promotion of California's workforce
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full Time Employees:
  - Company Wide: 56
  - In California: 56
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

## CONTRACT:

- Program Costs: \$72,128
- Substantial Contribution: \$0
- Total ETP Funding: \$72,128
- In-Kind Contribution: \$118,835
- Reimbursement Method: Fixed-Fee
- County(ies) Served: San Diego
- Duration of Agreement: 24 Months

**TRAINING PLAN:**

- |  |  |                    |
|--|--|--------------------|
| • Average Cost Trainee:                          | New Hire:  | Retrainee: \$1,163 |
| • Type(s) of Training:                           | Business Skills, Computer Skills, Management Skills and Continuous Improvement   |                    |
| • Number to be retained:                         | New Hire:  | Retrainee: 62      |
| • Range of hours:                                | 80 - 96  |                    |
| • Range of hourly wages:                         | \$10.97 to \$48.00   |                    |
| • Prevalent hourly wage:                         | \$17.10  |                    |
| • Weighted average hourly wage:                  | \$21.10  |                    |
| • Health benefits used to meet ETP minimum wage: | Yes. Health benefits \$1.07 per hour applied to Job 2 wages to meet the ETP minimum hourly wage of \$10.66 for San Diego County. |                    |

**SUBCONTRACTORS:**

Athenae Learning Systems, Inc San Diego, California - \$ 39,000 for Business, Computer, Management Skills and Continuous Improvement Training and SOST.

OCG, Murrieta, California - \$ 5,000 for Administrative Services.

**THIRD PARTY SERVICES:**

Applicant states that Athenae Learning Systems did not charge for development of the ETP funding application.

**NARRATIVE:**

In accordance with Title 22, California Code of Regulations Section 4416(b), which, states in part, that "A company engaged in manufacturing is deemed to meet the out-of-state competition requirement for Panel Funding..." Olaes Enterprises, Inc, dba ODM, has been approved as eligible for funding as an industrially classified manufacturer of custom designed T-shirt apparel and related merchandise.

Anthony Olaes, a graphic designer and apparel-licensing veteran, founded ODM in 1993. With corporate headquarters located in Poway, this small business now employs 56 fulltime employees in California. ODM's first product, "Rollin' Hard" apparel, was marketed in 1994 to appeal to the young Latino population. In the first week following release of this product, retail stores sold over 70 percent of "Rollin' Hard" merchandise.

Subsequent to "Rollin' Hard's" initial recordbreaking sales, the company experienced rapid growth and currently creates over 160 original designs each month to keep up with its retailers' demands. The company produces 17 different design lines and has a licensed portfolio that includes Gundam Wing, Robotech, Dragonball Z, Speed Racer, Felix the Cat, Corona, Budweiser, Chevrolet, Pontiac, and Cadillac. In the future, ODM plans to expand from the manufacture of T-shirts to development of apparel accessories, toys and collectibles using the aforementioned licensed portfolio. ODM has over 5,000 customers nationwide that include mass merchandisers, mid-tier retailers and independent retailers. Its major customers include JC Penney's, Walmart, Sears, Target, Miller's Outpost and Mervyns.

For the first time since 1993, ODM's revenue projections for 2001 show a decrease from the previous year's gross revenue of \$35 Million. The company must now address the challenges of meeting customer demand while increasing revenue and lowering operating costs in order to boost its revenues and maintain a profit margin. ODM recognizes its need to move to a high performance workplace as a means of meeting these challenges. In order to meet its customers' demands and remain competitive in a highly competitive market, ODM has identified a need for formalized training. The proposed training will enable the company to create a highly skilled workforce able to respond to market demands in an efficient manner. ETP-funded training will assist ODM in implementing a comprehensive, company-wide training plan that will transition the company into a high performance workplace while enabling the company to remain profitable and competitive.

ODM conducted an extensive training needs assessment that included interviews with senior management and a cross section of employee groups. The assessment concluded that Business Skills, Computer Skills, continuous Improvement and Management Skills training is needed to assist the company in its transition to a high performance workplace. As a result, ODM proposes to provide 80 to 96 hours of customized training from a menu Curriculum to 62 Supervisors, Managers, Technicians and Graphic Artists who are currently employed or will be hired over the next year.

Business Skills training includes Business Performance, Project Management, Business Writing, Communication Skills, Customer Service Principles and Stress Management. ODM anticipates that this training will standardize performance in accounting and bookkeeping and will provide trainees with the skills necessary to prepare strategic plans, manage projects, improve communication skills and customer service delivery. Computer Skills training in Microsoft Office and Outlook applications will enable ODM's employees to become more competent and efficient in their job performance. Also, ODM has recently implemented Essentus, an Enterprise Resource Planning (ERP) application to integrate various functions within the company. Employees are in need of post start-up training in order to receive maximum benefit from this system quickly. Additionally, some employees need to be trained on effective use of the Internet in order to complete their job-related duties.

Continuous Improvement training will include Problem Solving, Teambuilding and Leadership Skills. This training will assist trainees in identifying opportunities for improvement in their daily work processes while working more efficiently to reduce errors. Training in these areas will ensure that all employees will communicate, function efficiently on teams, and be able to solve problems collaboratively.

in a high performance workplace while lowering the company's overall operating costs. Management Skills training in Organizational Leadership, Decision Making and Motivation will enable company managers and supervisors to improve their leadership abilities to achieve results leading to increased efficiency and profitability for ODM.

### **Supplemental Nature of Training**

Since its operations began in 1994, the majority of this small manufacturer's training has been implemented on a limited, informal and as-needed basis, while formal training has been limited to safety training. The proposed training is different in that it encompasses formal Business, Computer, Continuous Improvement and Management Skills training focused to meet the Company's need to transition to a high performance workplace and its future product expansion efforts outlined in ODM's current business plan. ODM has invested over \$400,000 in equipment to implement Essentus and other electronic invoicing/payment capabilities. Additionally, the company has committed to an annual cost of \$14,400 for high-speed internet access for enhanced communication with suppliers and customers. Although the company does not have a current training budget, ODM has committed to post-ETP training using an investment of .05% of its gross annual profit. Based on 2001 profits, this amount would be \$175,000 toward future training. ODM is committed to continuous long-term training in Advanced Management Development, Advanced Computer Skills, Advanced Team Skills and Product Development and Marketing. Without assistance from ETP, ODM would not be able to implement these efforts in the accelerated manner needed to remain competitive with its industry challengers.

### **In-Kind Contribution**

Company representatives have certified that they will invest \$118,835 for wages paid during training.

### **COMMENTS:**

#### **Senior Policy Managers/Executive Level**

Only frontline workers, Supervisors and Managers are included in this project. The proposed Contractor certifies that no senior policy manager or executive level employees have been included in this training project.

### **PROPOSED ACTION:**

Staff recommends that the Panel approve this proposal if funds are available and the project meets Panel priorities based upon ODM's stated need to provide its employees with skills to enhance the company's ability to stay competitive, grow, and remain viable in the California economy.



Training Data									(c) Payment Schedule				
1	2	3	4	5 (a) Cls/Lab Video- conf. Hours	6 CBT Hours	7 (b) SOST Hours	8 Cost Per Trainee	9 Total SOST Trainer Hrs.	10 Hrs. to Enroll/ Pay 1 Enroll	11 Pay 2 Compl	12 Pay 3 Hired	13 Pay 4 After 90 Days	14 (d) Wage After Reten- tion
Job #	Occupations	Type of Training	No. Retain										
1	Supervisors and Managers	Direct-Employer, Retrainee<100	12	48		48	\$1,344	58	8	\$ 336.00	\$ 672.00	\$ -	\$ 336.00
687		<i>Trainees will receive one or more of the following: Business Skills Computer Skills Continuous Improvement Management Skills</i>		48		48		58					\$36.00 - \$49.92
2	Technicians and Graphic Artists	Direct-Employer, Retrainee<100	50	40		40	\$1,120	200	8	\$ 280.00	\$ 560.00	\$ -	\$ 280.00
687		<i>Trainees will receive one or more of the following: Business Skills Computer Skills Continuous Improvement</i>		40		40		200					* \$ 10.97 - \$44.96

### Contract Totals

<b>Program Cost</b>		\$72,128	<b>Total to be Retained</b>	62
<b>Substantial Contribution (___%)</b>	(-)	\$0		
<b>Multiple-Empl. Support (___%)</b>	(+)	\$0		
<b>TOTAL ETP Funding</b>	(=)	\$72,128		

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Turnover Rate	% of Mgrs. & Sups. to be trained		Health Benefits Inc. in Wage?		
16.0%	19.0%		* Yes		

Location of training:

All training will take place on Company premises in Poway, California during work hours.

Ratios:

The ratio of trainers to trainees for class/lab and videoconference training shall not exceed 1:20 for retrainees.

If Health Benefits is "YES", please explain:

\* Health Benefits of \$1.07 per hour will be added to the hourly wages of Job 2 to meet the ETP minimum wage requirement of \$10.66 for San Diego County.